

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**QUICK-REACTION REPORT ON BASE REALIGNMENT
BUDGET DATA FOR NAVAL STATION, PHILADELPHIA,
AND NAVAL TRAINING CENTER, GREAT LAKES**

Report No. 93-095

May 5, 1993

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Acronyms

ASO
BRAC
COBRA
GAO
NAVFACENGCOM
NDCTC
NRCC
NTC
MILCON

Naval Aviation Supply Office
Base Realignment and Closure
Cost of Base Realignment Actions
General Accounting Office
Naval Facilities Engineering Command
Naval Damage Control Training Center
Naval Regional Contracting Center
Naval Training Center, Great Lakes, Illinois
Military Construction



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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ARLINGTON, VIRGINIA 22202

May 5, 1993

MEMORANDUM FOR COMPTROLLER OF THE DEPARTMENT OF DEFENSE
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT)

SUBJECT: Quick-Reaction Report on Base Realignment Budget Data for Naval
Station, Philadelphia, and Naval Training Center, Great Lakes
(Report No. 93-095)

We are providing this final report for your review and comments. This audit was required by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991. The law prescribes that we evaluate significant increases in the cost of military construction projects over the estimated cost provided to the Commission on Base Realignment and Closure. This report is one in a series of reports relating to FY 1994 military construction costs and addresses the realignment of the Naval Regional Contracting Center to the Naval Aviation Supply Office, Philadelphia, Pennsylvania, and the realignment of the Naval Damage Control Training Center to the Naval Training Center, Great Lakes, Illinois. We are issuing this as a quick-reaction report because time is limited for adjusting and resubmitting the budget information in this report.

DoD Directive 7650.3 requires all recommendations within DoD to be resolved promptly. The Navy did not provide comments to a draft of this report. In addition, we revised and readdressed a recommendation to the Comptroller of the Department of Defense. Therefore, we request that the addressees provide final comments on the unresolved recommendations by June 4, 1993.

The courtesies and cooperation extended to the staff are appreciated. If you have any questions on the report, please contact Ms. Patricia A. Brannin, Program Director, at (703) 692-3206 (DSN 222-3206) or Ms. Victoria C. Hara, Project Manager, at (703) 692-3026 (DSN 222-3026). Copies of the final report will be distributed to the activities listed in Appendix D.

A handwritten signature in cursive script, reading "Robert J. Lieberman", is positioned above the typed name.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 93-095
(Project No. 3CG-0013.01)

May 5, 1993

**QUICK-REACTION REPORT ON BASE REALIGNMENT BUDGET
DATA FOR NAVAL STATION, PHILADELPHIA, AND NAVAL
TRAINING CENTER, GREAT LAKES**

EXECUTIVE SUMMARY

Introduction. The audit was required by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991. The Public Law states that the Secretary of Defense shall ensure that the amount of the authorization DoD requested for each military construction project associated with base closure and realignment actions does not exceed the original estimated cost provided to the Base Closure and Realignment Commission (the Commission). The Secretary of Defense is required to explain to Congress the reasons for the differences between the original project cost estimate provided to the Commission and the requested budget amount. The Inspector General, DoD, is required to review each military construction project for which a significant difference exists and to provide the results of the review to the congressional Defense committees. This report is one in a series of reports relating to FY 1994 military construction costs for closing and realigning bases.

Objective. The overall audit objective was to evaluate significant increases in base realignment and closure military construction project costs over the estimated costs provided to the Commission. This report provides the audit results of two projects, valued at \$24.2 million, related to the realignment of the Naval Regional Contracting Center to the Naval Aviation Supply Office, both in Philadelphia, Pennsylvania, and the realignment of the Naval Damage Control Training Center, Philadelphia, to the Naval Training Center, Great Lakes, Illinois.

Audit Results. We determined that the Navy overstated the military construction cost estimate and could not support military construction requirements for the Naval Regional Contracting Center realignment. As a result, the estimated \$2 million cost to renovate the Naval Aviation Supply Office facilities is not supported by adequate documentation and is overstated by about \$35,000 (Finding A).

We determined that the Navy overstated the military construction estimate and could not support military construction requirements for the Naval Damage Control Training Center realignment. As a result, the estimated \$22.2 million cost to renovate the Naval Training Center, Great Lakes, facilities is overstated by about \$13.7 million (Finding B).

On March 12, 1993, the Secretary of Defense recommended to the FY 1993 Commission that the Naval Aviation Supply Office be closed and that the Naval Training Center, Great Lakes, be realigned.

Internal Controls. Navy internal controls were not effective to validate the accuracy of base realignment and closure military construction budget estimates. We consider these weaknesses to be material. See the Internal Controls section in Part I for details of the internal controls reviewed and Part II for details of the weaknesses.

Potential Benefits of Audit. Implementation of the recommendations can result in monetary benefits of about \$13.7 million. The actual amount of monetary benefits will be determined after the requirements are recomputed and revised DD Forms 1391 are submitted by the Navy. Strengthening Navy internal controls will ensure the accuracy of budget estimates for military construction projects resulting from base realignments and closures and will result in additional monetary benefits. However, we could not quantify the amount. Appendix B summarizes the potential benefits resulting from the audit.

Summary of Recommendations. We recommended that the Naval Aviation Supply Office and the Naval Training Center, Great Lakes, revise and resubmit military construction estimates to reflect project costs based on known requirements and guidelines and reevaluate the projects based on the results of the FY 1993 Commission recommendations. We also recommended that the Naval Supply Systems Command and the Naval Education and Training Command implement controls to validate data on the DD Forms 1391, "FY 1994 Military Construction Program," before budget submission. We also recommended that the Comptroller of the Department of Defense reduce the funding for project P-062S, withhold a part of the funding on project P-557S, and adjust funding for the two projects based on Navy submission of revised DD Forms 1391. We deleted the recommendation that the Chief of Naval Operations expedite the decision on the hull technician occupational standards because the standards were approved on April 15, 1993. We revised and readdressed a recommendation to the Comptroller of the Department of Defense to ensure that the overall Navy base realignment and closure budget and funding are appropriately adjusted, based on both our findings and the Commission's results.

Management Comments. As of May 3, 1993, the Navy had not responded to the draft report. We request comments from the Comptroller of the Department of Defense and the Navy by June 4, 1993.

Table of Contents

Executive Summary	i
Part I - Introduction	
Background	2
Objectives	3
Scope	3
Internal Controls	4
Prior Audits and Other Reviews	4
Part II - Findings and Recommendations	
Finding A. Building Modifications	6
Finding B. Operational Trainer Facility	12
Part III - Additional Information	
Appendix A. Summary of Prior Audits and Other Reviews	16
Appendix B. Summary of Potential Benefits Resulting from Audit	20
Appendix C. Activities Visited or Contacted	22
Appendix D. Report Distribution	23

This report was prepared by the Contract Management Directorate, Office of the Inspector General for Auditing, DoD. Copies of the report can be obtained from the Secondary Reports Distribution Unit, Audit Planning and Technical Support Directorate (703) 614-6303 (DSN 224-6303).

Part I - Introduction

Introduction

Background

On May 3, 1988, the Secretary of Defense chartered the Commission on Base Realignment and Closure (BRAC) to recommend military installations for realignment and closure. Using cost estimates provided by the Military Departments, the Commission recommended 59 realignments and 86 base closures. On October 24, 1988, Congress passed, and the President signed, Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," which enacts the Commission's recommendations. Public Law 100-526 also establishes the DoD Base Closure Account to fund any necessary facility renovation or military construction (MILCON) projects related to the realignments and closures.

Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, re-establishes the Commission. Public Law 101-510 charts the Commission to meet during calendar years 1991, 1993, and 1995 to ensure that the process for realigning and closing military installations is timely and independent, and stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress. The 1991 Commission recommended that an additional 34 bases be closed and 48 bases be realigned, resulting in an estimated net savings of \$2.3 billion for FYs 1992 through 1997 after a one-time cost of \$4.1 billion.

To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions (COBRA) computer model. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount DoD requests for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. The Secretary of Defense is required to explain to Congress the reasons for the differences between the original project cost estimate provided to the Commission and the requested budget amount. Also, Public Law 102-190 prescribes that the Inspector General, DoD, must evaluate significant increases in MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Objectives

The overall audit objective was to evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission. The specific objectives were to determine whether construction requirements were adequately supported, to determine whether improvements to real property facilities at closing installations were needed, and to evaluate the effectiveness of internal controls over BRAC actions.

Scope

The Military Departments developed cost estimates for a particular closing or realigning base and did not develop estimates by individual MILCON project. Therefore, we were unable to determine the amount of cost increases for each individual MILCON project related to a BRAC. We compared the total COBRA cost estimates for each BRAC package to the Military Departments' FY 1994 BRAC MILCON \$900 million budget submission. Thirteen base closure packages had increases ranging from \$1.9 million to \$80.1 million. For our overall audit, we selected 9 of the 13 packages to review, each of which increased 12 percent or more over the cost estimate provided to the Commission. This report covers the Naval Station, Philadelphia, Pennsylvania, realignment package.

We examined two FY 1994 MILCON budget requests and related documentation for the realignment of the Naval Regional Contracting Center (NRCC) to the Naval Aviation Supply Office (ASO), both in Philadelphia, and the realignment of the Naval Damage Control Training Center (NDCTC), Philadelphia, to the Naval Training Center (NTC), Great Lakes, Illinois. The two FY 1994 BRAC MILCON projects we reviewed were valued at \$24.2 million. We did not audit an additional project, estimated at \$1.4 million, previously reported in Inspector General, DoD, Report No. 92-085, "Quick-Reaction Report on the Review of the Defense Base Closure and Realignment Budget Data for Naval Aviation Engineering Service Unit," May 7, 1992.

This economy and efficiency audit was made from January to March 1993 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. Accordingly, we included tests of internal controls as were considered necessary. We did not rely on computerized data to conduct this review. Appendix C lists the activities visited or contacted during the audit.

Introduction

Internal Controls

We identified material internal control weaknesses for the realignment projects as defined by Public Law 97-225, Office of Management and Budget Circular A-123, and DoD Directive 5010.38. Navy internal controls were not adequate to verify that the realignment projects at ASO and NTC were based on accurate data and that cost estimates for the projects were properly documented and auditable. Recommendations A.2. and B.2., if implemented, will correct internal control weaknesses identified at ASO and NTC. We could not determine the monetary benefits that can be realized by implementing the recommendations related to internal controls because the benefits will result from future decisions and budget estimates. A copy of the report will be provided to the senior official responsible for internal controls in the Department of the Navy.

Prior Audits and Other Reviews

Since 1991, 15 audit reports have addressed DoD BRAC issues. Appendix A lists these reports.

Part II - Findings and Recommendations

Finding A. Building Modifications

ASO overestimated BRAC MILCON requirements for project P-062S, "Building Modifications." The inaccurate estimate occurred because ASO did not properly follow the criteria in the Navy Publication P-80, "Facility Planning Criteria for Navy and Marine Corps Shore Installations," October 1982, to develop requirements. As a result, the \$2 million estimated project cost is not supported by adequate documentation and the shop space conversion cost is overstated by about \$35,000.

Background

NRCC was scheduled to relocate to ASO in FY 1994. Project P-062S will convert existing under-utilized ASO warehouse space to shop space and convert existing ASO shop space into administrative space to accommodate the NRCC realignment and transfer to ASO. The \$2 million project assigns building 24 to NRCC and moves the current occupants of building 24, Public Works Department personnel, to warehouse space in building 7. Both buildings require renovation to accommodate the moves.

Publication P-80 provides facility planning criteria for use in computing quantitative facility requirements for Navy and Marine Corps installations. Planning criteria included in Publication P-80 are a guide and are normally considered maximum requirements.

Administrative Space

ASO requested conversion of 23,400 square feet of existing shop space to administrative space at a cost of more than \$1.5 million. ASO used Publication P-80 to correctly determine the administrative space requirements. To apply Publication P-80, the facility planners must determine the number of authorized personnel (billets) that will occupy the facility.

NRCC occupies approximately 41,000 square feet of building 600 at Naval Station, Philadelphia, with approximately 170 personnel. When ASO developed the estimates in the DD Form 1391, "FY 1994 Military Construction Program,"

Finding A. Building Modifications

(undated), NRCC intended to reduce staffing to 139 billets by FY 1994. As of March 31, 1993, we determined that NRCC end-strength staffing would be reduced to 138 billets by the end of FY 1995.

Publication P-80, section 610.10, "Administrative Offices," states that the average net floor area per building occupant will not be less than 115 net square feet nor more than 130 net square feet. The net floor area includes space for special purpose rooms, conference rooms, local reproduction facilities, storage, snack stand and minor feeding service space, mail rooms, central files, and rooms not used directly as office space. Publication P-80, section 610.77, "Administrative Storage," states that storage facilities for miscellaneous equipment related to administrative facility support will be provided only when individually justified. To obtain gross square feet, per Publication P-80, net square feet is increased by 25 percent, or multiplied by a factor of 1.25.

Using the information above, we estimated requirements for the 138 NRCC billets to be 23,890 gross square feet as shown in Table 1.

Table 1. Estimated NRCC Administrative Space Requirement

Net square feet per occupant (130 square feet x 138 billets)	17,940
Net square feet for miscellaneous equipment*	<u>1,172</u>
Total net square feet	<u>19,112</u>
Gross square feet factor	<u>x 1.25</u>
Total gross square feet	<u>23,890</u>

* In accordance with Publication P-80, section 610.77, NRCC justified a request for an additional 1,172 net square feet for 13 electric filing units.

The DD Form 1391 that ASO submitted to the Comptroller of the Navy for review by the Comptroller of the Department of Defense was for 23,400 square feet. NRCC accepted the 23,400 square feet as sufficient space to support its requirements.

Finding A. Building Modifications

Shop Space Conversion

ASO requested conversion of 22,400 square feet of existing warehouse space to shop space for the Public Works Department. Documentation did not fully support the space requirement, resulting in an overstated shop space conversion estimate. The Navy authorized 92 billets for the Public Works Department. However, ASO plans required only 56 of the 92 billets to occupy the space.

Publication P-80, section 219.10, "Public Works Shop," states that the maximum allowable gross area for public works shops, including space, heating, and mechanical equipment, is based on the number of military and civilian maintenance personnel permanently assigned to the maintenance organization. Publication P-80 provides the space allowance for public works shops as shown in Table 2.

Table 2. Space Allowance - Public Works Shops

<u>Total No. of Permanently Assigned Maintenance Personnel</u>	<u>Total Gross Area Allowed (square feet)</u>
10 - 30	8,700
31 - 50	12,100
51 - 100	16,700
101 - 150	21,100
151 - 300	28,300
301 - 500	34,800
More than 500	100 square feet per person

According to Table 2, because ASO planned for only 56 authorized billets to occupy the converted shop space, the shop space conversion should be 16,700 square feet. However, ASO added 5,700 square feet of shop space for 20 inmates from the Federal Bureau of Prisons and 50 maintenance personnel from the Naval Shipyard, Philadelphia. An interagency agreement between ASO and the Federal Bureau of Prisons states that inmates provide repair and maintenance work such as mowing lawns, painting, carpentry, cutting trees, maintaining flower beds, planting, performing custodial duties, and other similar work. A draft agreement with the Naval Shipyard, Philadelphia, for an unspecified number of workers states that services will include inspections, lubrications, pest controls, and consumable parts replacements. According to

Finding A. Building Modifications

ASO personnel, the additional people are expected to be on site for long-term commitments and will require the use of the maintenance machinery from time to time.

Publication P-80 states that Public Works Department shop space requirements should be based on the number of billets permanently assigned to the organization. We believe that neither the inmates from the Federal Bureau of Prisons nor the maintenance personnel from the Naval Shipyard, Philadelphia, qualify as personnel permanently assigned to ASO. In addition, not all of the work covered by the agreements qualifies as work requiring shop space. Therefore, the 22,400 square feet on the DD Form 1391 for shop space conversion was overstated by at least 5,700 (22,400 minus 16,700) square feet and the project cost was overstated by \$31,578*.

Overstated project costs resulted in overstated contingency and supervision, inspection, and overhead (SIOH) costs. NAVFACENGCOM Instruction 11010.44E, "Shore Facilities Planning Manual," October 1, 1990, states that contingency costs are derived by applying 5 percent to the project costs. The SIOH costs are derived by applying 6 percent to the total of the project costs and contingency costs. Because of the reduced cost estimates for the project, the contingency costs and SIOH costs could be reduced by \$1,579 and \$1,989, respectively.

As a result of using incorrect support for estimated project costs, project P-062S is overstated as shown in Table 3.

Table 3. Overstated Shop Space Requirement

<u>Description</u>	<u>Overstated Costs</u>
Shop Space Conversion	\$ 31,578
Contingency	1,579
Supervision, Inspection and Overhead	<u>1,989</u>
Total	<u>\$ 35,146</u>

*We based the estimated overstated cost on \$5.54 per square foot, which ASO used to calculate the cost of the additional 5,700 square feet of shop space conversion.

Finding A. Building Modifications

Internal Controls on Cost Estimates

We examined ASO's estimating procedures for project P-062S; we determined that ASO did not prepare or retain all the documentation required by NAVFACENGCOM Instruction 11010.44E to justify a \$2 million project. The ASO documentation we reviewed did not adequately support either the quantitative requirements or the rationale behind assumptions used. ASO did not have sufficient detailed justification to support about \$277,000 of the \$2 million project estimate. The \$277,000 was based on judgments by Public Works personnel on individual line items. Based on the lack of supporting documentation, the \$2 million estimate could not be validated. Consequently, the FY 1994 budget submission may not accurately represent the cost of the project.

NAVFACENGCOM Instruction 11010.44E, section 11-16, "Major Claimants Approve Projects for Programming," requires that "Major Claimants review project documentation to ensure that the projects forwarded are necessary and fully supported for the program." In addition, the General Accounting Office (GAO), "Standards for Internal Controls in the Federal Government," require the documentation to be clear and the documentation to be readily available for examination. The Federal Managers' Financial Integrity Act and OMB Circular A-123 require compliance with the GAO standards. Internal controls were not followed or were not adequate to ensure that cost estimates on the DD Forms 1391 were "fully supported" by complete and accurate documentation. Not every DD Form 1391 is subject to audit; therefore, to prevent the waste of funds, the major claimant for this project, Naval Supply Systems Command, must ensure that internal control procedures are adequate and followed to validate the cost estimates on DD Forms 1391 to factual data.

Pending Actions

On March 12, 1993, the Secretary of Defense recommended to the Commission that ASO be closed. If the recommendation is adopted, the Navy will have to reevaluate the NRCC relocation to ASO. Project P-062S and the estimated \$2 million may no longer be needed. The Naval Supply Systems Command prudently recommended that project P-062S be put on hold until a permanent receiving facility for NRCC is selected.

Recommendations For Corrective Action

1. We recommend that the Commanding Officer, Naval Aviation Supply Office, Philadelphia:

a. Revise and resubmit a DD Form 1391, "FY 1994 Military Construction Program," for project P-062S, "Building Modifications," to more accurately reflect square footage and billet requirements, or

b. Reevaluate or cancel project P-062S based on the results of the FY 1993 Base Closure and Realignment Commission, as appropriate.

2. We recommend that the Commander, Naval Supply Systems Command, establish procedures to validate that DD Forms 1391, "FY 1994 Military Construction Program," are based on accurate data and that cost estimates for military construction base realignment and closure projects are properly documented and are auditable.

3. We recommend that the Comptroller of the Department of Defense reduce the FY 1994 military construction authorization for project P-062S, "Building Modifications" by about \$35,000 and adjust the budget as appropriate based on revised DD Forms 1391 submitted for the project and the results of the FY 1993 Base Closure and Realignment Commission.

Readdressed Recommendation. We revised and readdressed Recommendation A.3. to ensure that the overall Navy BRAC budget and funding are appropriately adjusted.

Finding B. Operational Trainer Facility

NTC overestimated BRAC MILCON requirements for project P-557S, "Operational Trainer Facility." Surface vessel fire fighter and damage control training capabilities are not needed in the Facility. As a result, the estimated \$22.2 million project cost is overstated by about \$13.7 million.

Background

Project P-557S was initiated to provide facilities to accommodate the relocation of the Hull Technician "A" School, which includes surface vessel fire fighter and damage control training facilities, from the Naval Station, Philadelphia, to NTC.

Occupational standards determine the degree of emphasis and the teaching method for each standard to ensure knowledgeable personnel can accomplish assigned tasks upon arrival on board a ship. New damage controlman occupational standards were approved on January 28, 1993. New hull technician occupational standards were approved on April 15, 1993.

Occupational Standards

Project P-557S includes renovation of a building and construction of a fire fighting trainer and a damage control wet trainer at NTC. New hull technician occupational standards no longer contain fire fighting or damage control tasks. No requirement exists for the fire fighting and damage control trainers in project P-557S, eliminating the line items in the project as shown in Table 4.

Finding B. Operational Trainer Facility

Table 4. Eliminated Operational Trainer Facility Line Items

<u>Item</u>	<u>Dollar Cost</u> (thousands)
Fire Fighter Trainer Facilities	\$ 5,860
Advanced Damage Control Trainer Facility	4,660
Built-In Equipment	820
Technical Operating Manuals	190
Utilities	410
Paving and Site Improvement	350
Contingency	615
Supervision, Inspection, and Overhead	<u>774</u>
Total	<u>\$ 13,679</u>

Internal Controls on Cost Estimates

NTC did not prepare or retain all the documentation needed to justify a project as required by NAVFACENGCOM Instruction 11010.44E. NTC did not have detailed justification to support either the quantitative requirements or the rationale behind assumptions used in preparing the cost estimates. NTC did not maintain sufficient detail to permit cost validation. Because of NTC's lack of documentation, the \$22.2 million estimate could not be validated. Furthermore, the estimate should decrease by about \$13.7 million based on the new occupational standards.

NAVFACENGCOM Instruction 11010.44E, section 11-16, requires that "Major Claimants review project documentation to ensure that the projects forwarded are necessary and fully supported for the program." In addition, the GAO "Standards for Internal Controls in the Federal Government," require the documentation to be clear and the documentation to be readily available for examination. The Federal Managers' Financial Integrity Act and OMB Circular A-123 require compliance with the GAO standards. Internal controls were not followed or were not adequate to verify that cost estimates on the DD Forms 1391 were "fully supported" by complete and accurate documentation. Not every DD Form 1391 is subject to audit; therefore, to prevent the waste of funds, the major claimant for this project, Naval Education and Training Command, must initiate internal control procedures to properly validate the cost estimates on DD Forms 1391 to factual data.

Finding B. Operational Trainer Facility

Pending Actions

On March 12, 1993, the Secretary of Defense recommended to the Commission that Naval Training Centers at Orlando and San Diego be closed and additional personnel should be realigned to NTC. If the recommendations are adopted, the Navy will need to reevaluate the surface vessel fire fighter and damage control training facilities at NTC.

Recommendations For Corrective Action

1. We recommend that the Commander, Naval Training Center, Great Lakes:

a. Revise and resubmit a DD Form 1391, "FY 1994 Military Construction Program," for project P-557S, "Operational Trainer Facility," to reflect a reduced requirement based on the April 15, 1993 occupational standards for hull technician, and

b. Reevaluate the project requirements based on the FY 1993 Base Closure and Realignment Commission recommendations, as appropriate.

2. We recommend that the Chief of Naval Education and Training, Pensacola, establish procedures to validate that DD Forms 1391, "FY 1994 Military Construction Program," are based on accurate data and that cost estimates for military construction base realignment and closure projects are properly documented and auditable.

3. We recommend that the Comptroller of the Department of Defense, decrease funding by about \$13.7 million for project P-557S and make appropriate adjustments to the budget based on revised DD Forms 1391 submitted for the project.

Readdressed Recommendation. We revised and readdressed Recommendation B.3. to ensure that the overall Navy BRAC budget and funding are appropriately adjusted.

Deleted Recommendation. We deleted draft report Recommendation B.4. that the Chief of Naval Operations expedite the decision on the hull technician occupational standards because the standards were approved on April 15, 1993.

Part III - Additional Information

Appendix A. Summary of Prior Audits and Other Reviews

General Accounting Office

NSIAD 91-224S, OSD Case No. 8703S, "Military Bases, Letters and Requests Received on Proposed Closures and Realignment," May 17, 1991. The report consisted of letters from members of Congress, local government officials, and private citizens expressing their concerns to the Defense Base Closure and Realignment Commission. The audit report did not include findings, recommendations, or management comments.

NSIAD 91-224, OSD Case No. 8703, "Military Bases, Observations on the Analyses Supporting Proposed Closure and Realignment," May 15, 1991. The report states that the DoD BRAC guidance allowed cost estimating and cost factors used by each Military Department to vary. The report recommended that the Military Departments use consistent procedures and practices to estimate costs associated with future base closures and realignments. Management did not comment on the report.

Inspector General, DoD

Report No. 93-094, "Report on Base Closure and Realignment Budget Data For the Naval Shipyard, Philadelphia, Pennsylvania," April 29, 1993. The report states that the \$11.8 million project contained \$5.2 million of overstated and unsupported requirements and that the remainder of the estimate was questionable. The report recommended developing and submitting new project costs based on documented data. No comments were received as of the date of this report.

Report No. 93-092, "Report on Base Closure and Realignment Budget Data for the Naval Surface Warfare Center," April 28, 1993. The report states that, for two projects with budget costs of \$36.5 million, one was overstated by \$4.7 million and the other was overstated by \$193,000 and had \$9.8 million of

Appendix A. Summary of Prior Audits and Other Reviews

questionable project costs. The report recommended developing and submitting new project costs based on documented data. The Navy agreed with the recommendation.

Report No. 93-052, "Defense Base Closure and Realignment Budget Data for the Naval Surface Warfare Center," February 10, 1993. The report stated that the Navy overstated costs by \$18.4 million on one project and understated the cost of a second project by \$3.5 million at the Naval Surface Warfare Center, Carderock Division. The report recommended that the Navy reduce the estimate on one project after accounting for duplicate requirements and increase the size of another project estimate to meet requirements. The Navy agreed to revise the costs of the projects and resubmit the BRAC budget request.

Report No. 93-036, "DoD Base Realignment and Closures II for Lowry Air Force Base," December 18, 1992. The report stated that at least five projects could be either canceled or downsized because the BRAC requirements changed. The report made no recommendations because the Air Force cancelled and downsized the projects during the audit.

Report No. 93-027, "Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for Carswell, Barksdale, Dyess, Minot, and Tinker Air Force Bases," November 27, 1992. The report stated that 10 MILCON projects valued at \$18.3 million did not have adequate documentation to support the project requirements. Also, the Air Force could reduce BRAC MILCON costs of \$11.9 million by deleting unnecessary and canceled requirements from the projects. The report recommended that the Air Force eliminate invalid project requirements and maximize the use of existing equipment. The Air Force agreed with the recommendations.

Report No. 92-087, "Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for Fort Knox and Fort Meade," May 7, 1992. The report stated that four MILCON projects valued at \$34.1 million were supported; however, the Army could reduce MILCON costs by \$500,000 by deleting unnecessary requirements from projects. The report recommended that the Army review the MILCON project at Fort Knox to determine whether costs associated with "state-of-the-art design" were warranted and suspend the visual information school project at Fort Meade pending the outcome of the consolidation study. The Comptroller of the Army agreed with the recommendation and will determine the monetary benefits when final decisions are made on the projects.

Report No. 92-086, "Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for MacDill Air Force Base, Luke Air Force Base, and Seymour Johnson Air Force Base," May 7, 1992. The report stated that four MILCON projects valued at \$9.6 million were supported.

Appendix A. Summary of Prior Audits and Other Reviews

However, the Air Force could reduce construction costs by \$702,000 to \$1.95 million by using existing facilities and deleting unnecessary requirements. The Air Force generally agreed to use existing facilities when cost effective.

Report No. 92-085, "Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for Naval Aviation Engineering Service Unit," May 7, 1992. The Navy proposed to renovate a facility at the Naval Air Warfare Center while a decision was being reevaluated as to where the Naval Aviation Engineering Service Unit would actually be located. The report recommended that the project be suspended until the Navy decides on a location. The Assistant Secretary of the Navy agreed, and stated that no funds would be authorized or expended for the project until a decision is made after completion of an expense operating study.

Report No. 92-078, "DoD Base Realignment and Closures," April 17, 1992. The report states that the Navy and the Air Force developed MILCON requirements for 33 projects with \$127.1 million of estimated costs. Of the \$127.1 million, \$72 million was either not supported or should not be funded from the Base Closure Account. The report recommended issuing additional guidance for realignment actions and canceling or reducing the scope for selected projects. The Office of the Secretary of Defense stated that additional guidance on realignment actions was issued since the audit started and agreed to reduce the BRAC funds related to the MILCON projects.

Army Audit Agency

SR 92-702, "Base Realignment and Closure Construction Requirements," August 12, 1992. The report stated that BRAC funding was not appropriate for four projects totaling \$38.2 million because either the projects were not valid BRAC requirements or because alternatives to new construction were not considered. The report recommended that the Army establish guidance for determining BRAC construction requirements. The Army agreed with the intent of the recommendation.

Air Force Audit Agency

Project 1255312, "Air Force Administration of the Department of Defense (DoD) Base Closure Account," September 10, 1991. The report stated that

Appendix A. Summary of Prior Audits and Other Reviews

Air Force internal controls were adequate to administer the Base Closure Account. The report made no recommendations.

Project 0185210, "Base Closure Facility Management," June 19, 1991. The report stated that Air Force planned projects costing \$2.8 million at closing bases may not be needed. The report recommended that the Air Force issue specific facility selection criteria (quality-of-life, mission accomplishment, personnel health and safety, etc.) to be used at closing bases. The Air Force agreed to develop detailed facility management criteria.

Project 1175213, "Base Closure Environmental Planning," June 18, 1991. The report stated that the Air Force had adequate guidance for installation planners for use in developing environmental plans and actions necessary for bases to close and meet disposal dates. The report made no recommendations.

Appendix B. Summary of Potential Benefits Resulting from Audit

Recommendation Reference	Description of Benefit	Amount and/or Type of Benefit
A.1.a.	Economy and Efficiency. Revise and resubmit construction estimates to accurately reflect requirements.	Undeterminable. ¹
A.1.b.	Economy and Efficiency. Reevaluate project requirements as appropriate.	Undeterminable.
A.2.	Internal Controls. Establish procedures to validate that cost estimates are properly documented and auditable.	Nonmonetary.
A.3.	Economy and Efficiency. Reduce overstated funds and revise funding to reflect resubmitted project requirements.	Funds put to better use of \$35,146 in the Base Closure Account.
B.1.a.	Economy and Efficiency. Revise and resubmit construction estimates to accurately reflect requirements.	Undeterminable. ¹
B.1.b.	Economy and Efficiency. Reevaluate project requirements as appropriate.	Undeterminable.

See footnotes at end of appendix.

Appendix B. Summary of Potential Benefits Resulting from Audit

Recommendation Reference	Description of Benefit	Amount and/or Type of Benefit
B.2.	Internal Controls. Establish procedures to validate that cost estimates are properly documented and auditable.	Nonmonetary.
B.3.	Economy and Efficiency. Decrease funds for unneeded portions of Project P-557S and revise funding to reflect resubmitted project requirements.	Funds put to better use of \$13.7 million in the Base Closure Account ² .

¹Identified monetary benefits are included in Recommendations A.3. and B.3. Additional monetary benefits may occur when the Navy revises the current construction estimates for project P-062S and P-557S. The Navy should recompute realignment requirements when requirements are fully identified and supported. The difference between the improved, supported cost estimate and the previously submitted cost estimate will be the monetary benefit of implementing these recommendations.

²Additional monetary benefits may occur when NTC revises the MILCON estimate for the project.

Appendix C. Activities Visited or Contacted

Office of the Secretary of Defense

Comptroller of the Department of Defense, Washington, DC
Deputy Assistant Secretary of Defense (Installations), Office of the Assistant Secretary of Defense (Production and Logistics), Washington, DC

Department of the Navy

Chief of Naval Operations, Washington, DC
Comptroller of the Navy, Washington, DC
Office of Budget and Reports, Washington, DC
Deputy Chief of Naval Operations (Logistics), Washington, DC
Bureau of Naval Personnel, Washington, DC
Navy Occupational Development and Analysis Center, Washington, DC
Headquarters, Naval Facilities Engineering Command, Alexandria, VA
Commander, Northern Engineering Field Division, Philadelphia, PA
Commander, Southern Engineering Field Division, Charleston, SC
Headquarters, Naval Sea Systems Command, Washington, DC
Naval Sea Logistics Center Detachment, Philadelphia, PA
Naval Ship Systems Engineering Station, Naval Surface Warfare Center, Carderock Division, Philadelphia, PA
Headquarters, Naval Supply Systems Command, Arlington, VA
Naval Aviation Supply Office, Philadelphia, PA
Naval Regional Contracting Center, Philadelphia, PA
Commander in Chief, Atlantic Fleet, Norfolk, VA
Commander, Naval Base, Philadelphia, PA
Commander, Naval Station, Philadelphia, PA
Chief of Naval Education and Training, Pensacola, FL
Naval Education Training Program Management Support Activity, Pensacola, FL
Commander, Training Command, Atlantic Fleet, Norfolk, VA
Naval Damage Control Training Center, Philadelphia, PA
Chief of Naval Technical Training, Millington, TN
Naval Training Center, Great Lakes, IL

Appendix D. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition
Assistant Secretary of Defense (Production and Logistics)
Comptroller of the Department of Defense

Department of the Navy

Secretary of the Navy
Assistant Secretary of the Navy (Financial Management)
Comptroller of the Navy
Deputy Chief of Naval Operations (Logistics)
Director, Bureau of Naval Personnel
 Officer in Charge, Navy Occupational Development and Analysis Center
Commander in Chief, Atlantic Fleet
 Commander, Naval Base, Philadelphia
 Commander, Naval Station, Philadelphia
Commander, Naval Facilities Engineering Command
 Commander, Northern Engineering Field Division
 Commander, Southern Engineering Field Division
Commander, Naval Sea Systems Command
 Director, Naval Sea Logistics Center Detachment
 Commander, Naval Surface Warfare Center, Carderock Division
 Commander, Naval Ship Systems Engineering Station
Commander, Naval Supply Systems Command
 Commanding Officer, Naval Aviation Supply Office
 Commanding Officer, Naval Regional Contracting Center
Chief of Naval Education and Training
 Commanding Officer, Naval Education Training Program Management Support
 Activity
 Commander, Training Command, Atlantic Fleet
 Commanding Officer, Naval Damage Control Training Center
Chief of Naval Technical Training
 Commander, Naval Training Center, Great Lakes

Appendix D. Report Distribution

Non-Defense Activities

Office of Management and Budget
National Security and International Affairs Division, Technical Information Center,
General Accounting Office

Chairman and Ranking Minority Member of Each of the Following Congressional
Committees and Subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Operations
House Subcommittee on Legislation and National Security, Committee on
Government Operations

Senator Carol Moseley Braun, U.S. Senate
Senator Paul Simon, U.S. Senate
Senator Arlen Specter, U.S. Senate
Senator Harris Wofford, U.S. Senate
Congressman Thomas M. Foglietta, U.S. House of Representatives
Congressman John Porter, U.S. House of Representatives

Audit Team Members

David K. Steensma	Director, Contract Management Directorate
Patricia A. Brannin	Program Director
Victoria C. Hara	Audit Project Manager
Douglas B. Reed	Senior Auditor
Elaine M. Jennings	Senior Auditor
Frederick R. Mott	Auditor
Vanessa Springfield	Auditor
Scott S. Brittingham	Auditor